THIRD EDITION

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Crypto Disputes Report 2026

Data-driven analysis and trends in England and Wales

DATA DRIVEN DISPUTES

Foreword

For the third year, we are bringing together Solomonic's litigation analytics data with our own research and in-depth knowledge of crypto disputes to identify key trends and decisions in England and Wales.

Why do we track crypto disputes?

As we have explained in our previous Crypto Disputes Reports, the higher courts are at the front and centre of deciding how the law in England and Wales applies to digital assets.

In June 2023, the Law Commission published its 'Digital Assets: Final Report'.[1] The Law Commission had been tasked by the government with making recommendations for reform to ensure that the law of England and Wales is capable of accommodating digital assets.

The Law Commission made only two recommendations for legislative change. The most significant was to provide statutory confirmation to the effect that digital assets can attract personal property rights (a conclusion that English and Welsh judges had already come to in at least 23 cases[2]). This statutory confirmation is now enshrined in the Property (Digital Assets etc) Act 2025, which passed into law last year.[3]

The Law Commission's principal conclusion was that "*any law reform should be through further common law developments where possible*".[4] We track crypto disputes through the higher courts to keep abreast of the law and to anticipate future developments.

This year in crypto disputes

2025 was a busy year for digital assets firms operating in the UK. They needed to monitor regular publications regarding the UK's new regulatory regime for cryptoassets, which will come into force on 25 October 2027.

It may therefore have come as a relief that, on the litigation front, there were fewer significant developments than in previous years. Nevertheless, for those operating in the UK or facing the UK market, there were some developments which will be of interest and significance. **As a TL;DR**:

— A mass consumer law firm began issuing crypto fraud claims. If replicated at scale, this could dramatically increase claim numbers.
— The Financial Conduct Authority brought its first-ever enforcement claim against an exchange for allegedly illegally promoting services to UK consumers.
— In this report, we look at the Financial Ombudsman Service's crypto-adjacent decisions, which offer a preview of the standards that exchanges and other consumer-facing crypto businesses will be held to once the new regulatory regime takes effect.

We hope you find our report interesting and informative.

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1 'Digital Assets: Final Report', Law Commission, June 2023 (link)
2 Ibid., paragraph 3.40
3 Property (Digital Assets etc) Act 2025 (link)
4 'Digital Assets: Final Report', Law Commission, June 2023 (link)

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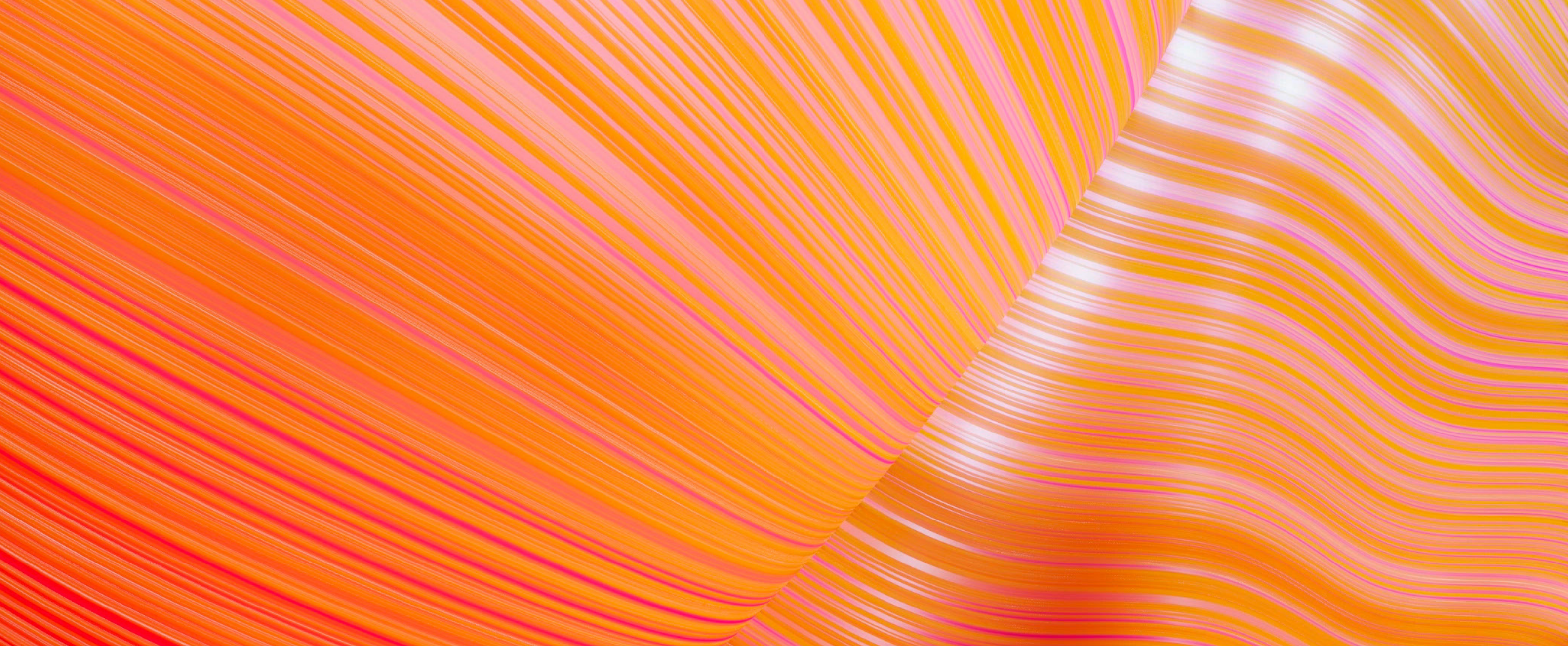
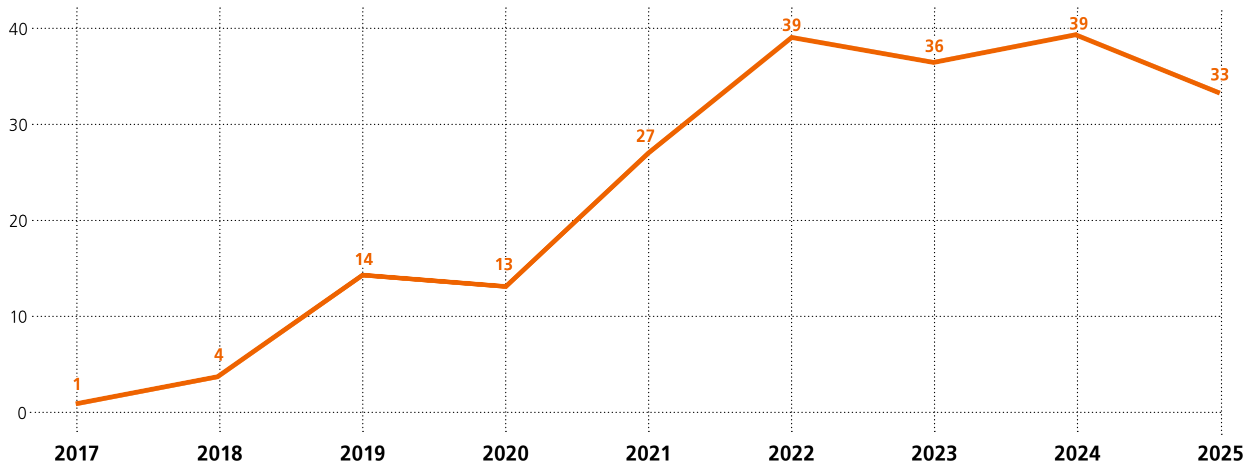


High Court proceedings

Claim Volumes

Number of issued crypto claims



— We have identified **206 High Court claims issued between 2017 – 2025** that relate materially to cryptoassets.

— The data indicate a drop in the number of issued claims in 2025, but **we consider it unlikely that claim volumes declined significantly**. Our experience is that we will continue to identify further cases as Solomonic continues its process of collecting and verifying data for 2025 and, possibly, as reporting restrictions on individual cases are lifted.

— It does, however, appear **that the number of crypto cases being issued each year has plateaued since 2022**. We consider below how this may change if claimant law firms increasingly target exchanges (see 'Fraud claims').

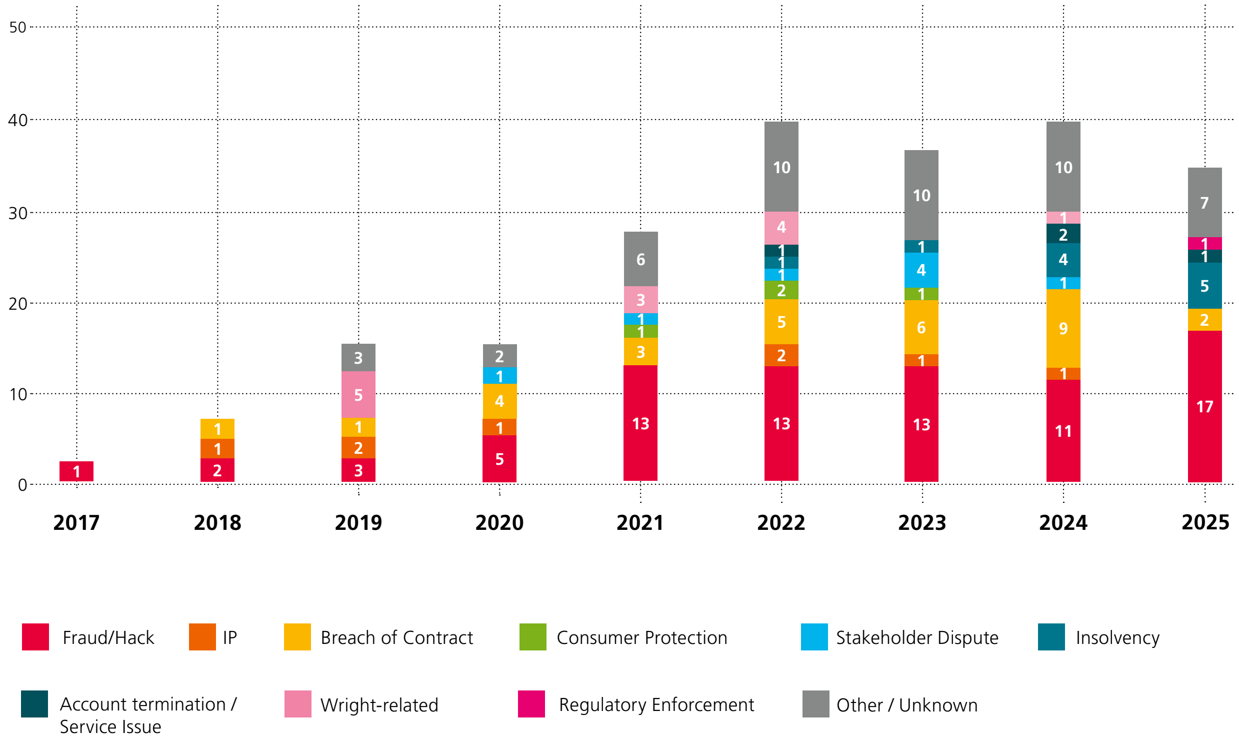
County Courts

A detailed analysis of crypto disputes in the County Courts is beyond the scope of this report.

In particular, there is limited data available on sector-specific actions. However, the County Courts provide an important forum for straightforward, lower-value crypto disputes.

Issued crypto claims: underlying issues

Claim issues by year (known issues)



There is sufficient available information to determine the key underlying issue in 158 of the 206 issued claims (i.e. in approximately 75% of those claims).

— **Fraud claims continue to represent a large proportion of issued claims** (over 50% of issued claims in 2025). As such, we consider these claims in more detail below (see 'Fraud claims').

— **The Financial Conduct Authority ("FCA") issued its first regulatory enforcement claim against an exchange for illegally promoting services to UK consumers**. We consider this claim and its implications below (see 'A warning to overseas exchanges targeting UK consumers').

— We have historically seen few insolvency-related crypto cases in England and Wales, perhaps reflecting that crypto businesses have typically based themselves offshore. It is therefore notable that **insolvency-related claims made up 15% of claims issued in 2025**. Two of these claims relate to the failures of crypto businesses (Ziglu and Lykke Corp). However, two others relate to a crypto firm (Ripple) obtaining winding up petitions against defaulting business customers.

— **2025 finally brought respite from Craig Wright issuing claims in England and Wales**. This followed Mr Justice Mellor granting a General Civil Restraint Order (GCRO) on 7 March 2025 restraining Mr Wright from issuing claims or making applications in the High Court or any County Court without first obtaining judicial permissions. The GCRO remains in effect until 7 March 2028.

Fraud claims

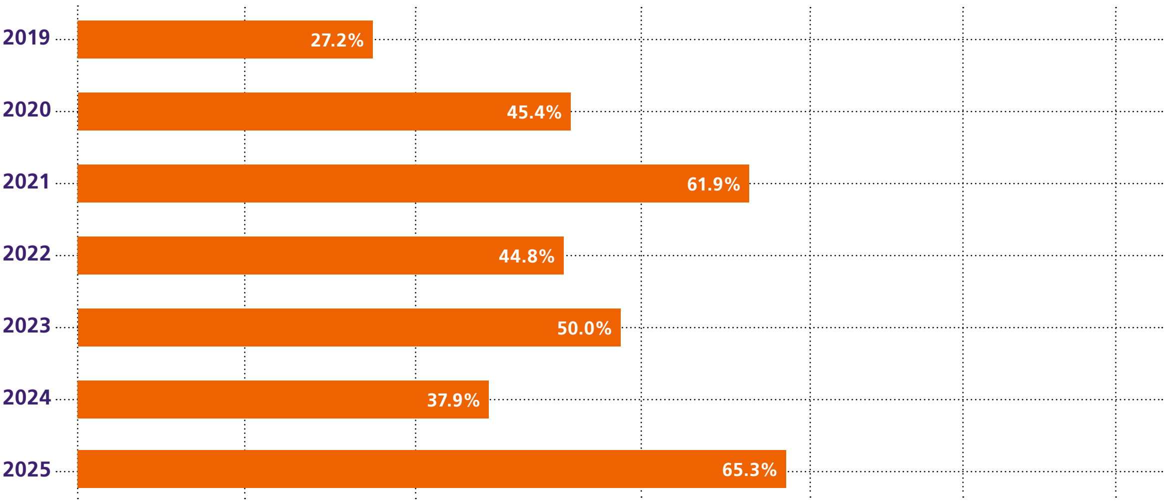
Last year's prediction

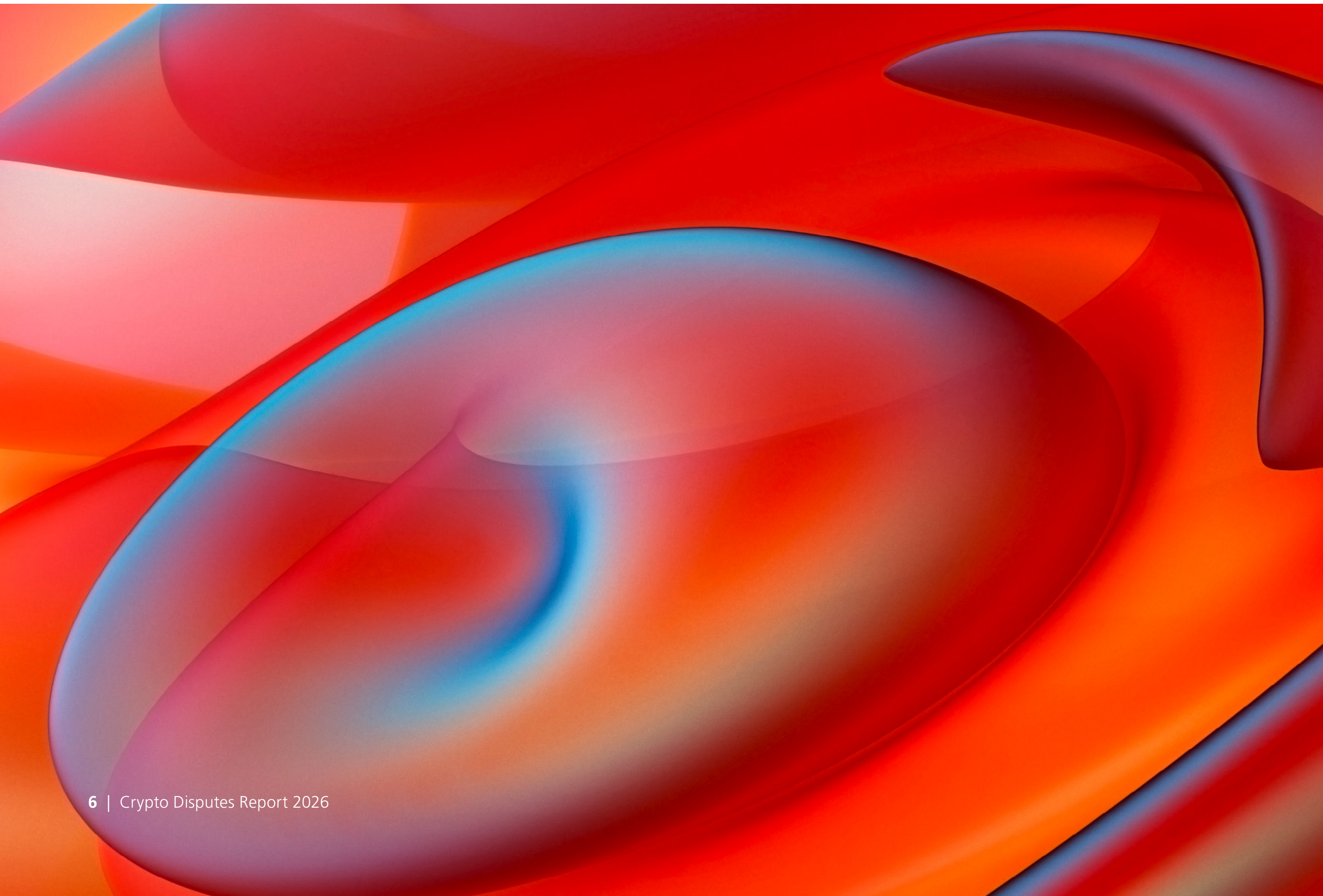
In last year's Crypto Disputes Report, we observed that the number of issued fraud claims had declined in 2024. We cautioned that this was unlikely to last given, for example, Action Fraud's reports that crypto fraud was on the rise.

The 2025 data bear out this caution. **Focusing on claims with an identifiable underlying issue, fraud claims accounted for just over 65% of claims issued in 2025.** The overall picture across the years is as follows:

Fraud/hack claims as % of known-issue claims

Percentage of known-issue claims





Claimant law firm activity

Two firms dominated in issuing fraud claims in 2025. One is a boutique firm specialising in private prosecutions, white-collar crime, and civil fraud. However, the other is quite different: it acts in consumer litigation spanning from car accident claims to housing disrepair claims.

It attracts customers by running national advertisements, and it offers "no win no fee" representation in fraud recovery claims to customers who have lost over £3,000 to a scam.

The business model behind similar mass consumer law firms is typically to find individuals who have claims with similar fact-patterns, to develop templates to bring those claims, and to issue large numbers of claims based on those templates – or omnibus claims on behalf of groups of claimants. There will undoubtedly be a large number of individuals who have lost over £3,000 to a crypto scam, bearing in mind figures released by Action Fraud that, in 2024, over 17,000 reports were submitted to Action Fraud by UK victims of crypto investment fraud alone.

Where this business model is combined with a "no win no fee" offering, it only works if the law firm can make sufficient recoveries to levy a fee for its work. It remains to be seen whether the firm in question can obtain recoveries for its clients: it appears they are presently focused on issuing freezing and disclosure orders against exchanges that may have received the proceeds of fraud with a view to assisting future claims.

However, it is worth considering whether the emergence of this firm in the crypto space marks the start of an emerging trend towards exchanges finding themselves on the receiving end of more freezing and disclosure orders. Exchanges should consider whether their processes are sufficiently robust to handle increasing volumes.

We will continue to watch whether, and if so how, these claims are progressed past this initial stage.

A warning to overseas exchanges targeting UK consumers – *FCA v Huobi* (FS-2025-000015)

In 2025, the FCA commenced proceedings against HTX (formerly Huobi) for alleged breaches of s. 21 Financial Services and Markets Act 2000 ("**FSMA**")[5], which places restrictions on financial promotion.[6] This is the first enforcement action of its kind since the extension of the financial promotions regime to qualifying cryptoassets in October 2023.

The FCA alleges that, in contravention of s.21 FSMA, HTX communicated invitations and inducements to engage in investment activity without authorisation or approval by an FCA-authorised person. It seeks an injunction and a declaration of contravention.

HTX's response to pre-action engagement was to say that it had stopped targeting any UK consumers. However, in its claim, the FCA maintains that the financial promotions regime catches communications *capable of having effect* in the UK, regardless of whether UK consumers are specifically targeted. It alleges that HTX failed to implement proper systems to prevent UK users from engaging in investment activity (e.g. by accepting UK photo ID for verification, by allowing transactions to be completed from UK IP addresses). The case has been stayed until the end of August 2026 to allow for settlement discussions.

The case sends a clear message that merely disclaiming an intention to target UK users, without implementing robust exclusionary measures (e.g. geo-blocking), will not suffice.

Breaching s.21 is a serious criminal offence and it remains to be seen whether the FCA will also seek to bring criminal proceedings against HTX or its officers.

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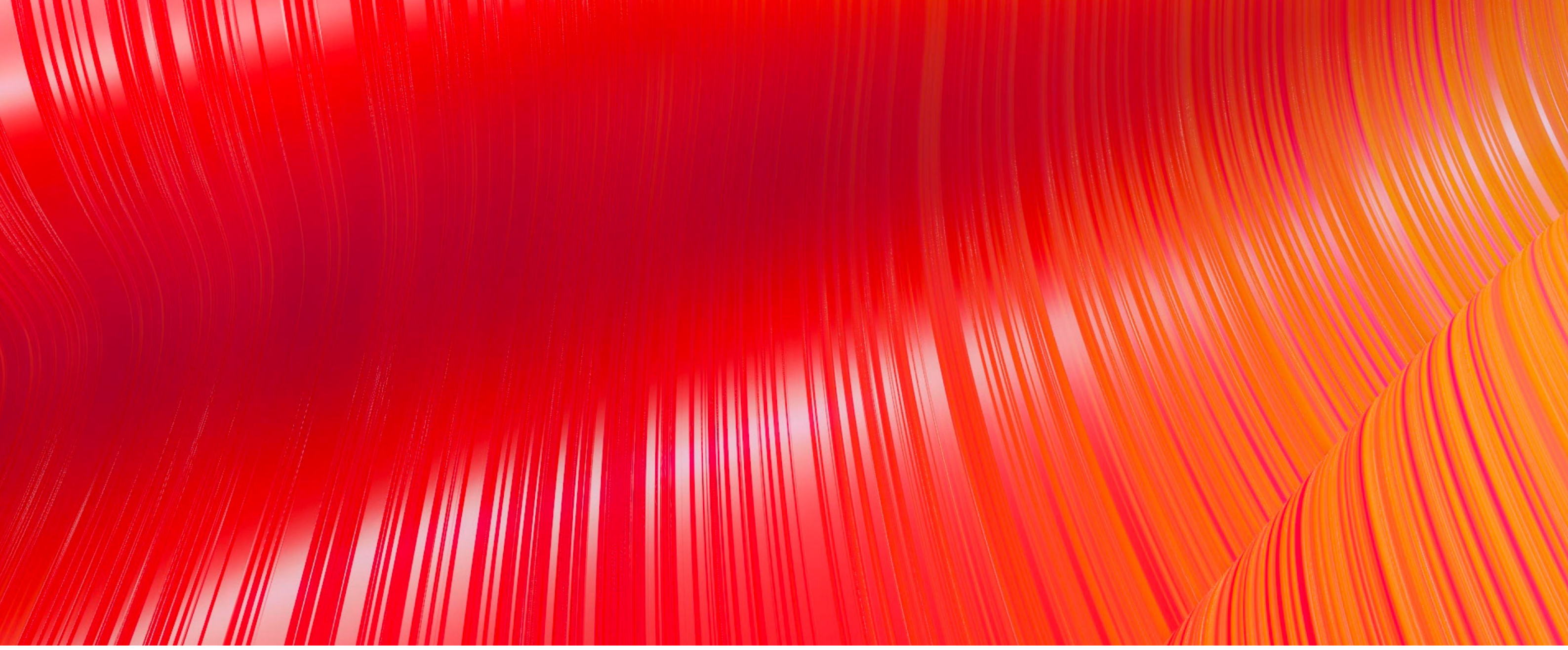
[5] Section 21 FSMA (link)
[6] 'HTX (formerly Huobi): legal proceedings information', FCA (first published 10 February 2026) (link)



A focus on the FOS

The Financial Ombudsman Service ("**FOS**") offers consumers and the smallest businesses, charities and trusts, a free route to resolve certain financial complaints against FCA-authorised firms. The FOS resolves complaints on the basis of what it considers "fair and reasonable" and can require firms to pay up to £455,000 in resolution of a complaint. It is therefore a powerful alternative to issuing a smaller claim through the courts.

The FOS does not currently have jurisdiction to consider complaints about pure cryptocurrency transactions, given that cryptocurrency is largely unregulated in the UK. However, this is set to change once the new regulatory regime is introduced in 2027 – meaning **readers may be interested in the decisions the FOS is currently making, as an early indicator of what could be expected once the new regime takes effect**.

In practice, the FOS already considers a large number of "crypto-adjacent" disputes. This is because a complaint concerning cryptocurrency will often have an element that concerns fiat currency or e-money, meaning the complaint can instead be alleged against the consumer's bank or e-money provider. For example, the victim of a romance scam who has sent a fraudster cryptoassets from the victim's account at a cryptoexchange may allege a complaint against their bank or e-money provider, alleging that they should have noticed that a fraud was being perpetrated against the victim when they made fiat or e-money payments to credit their account at the exchange.

For example, in 2025:

- Crypto-related complaints made up a small but meaningful share of the FOS' overall caseload. Of the 31,844 decisions the FOS published in 2025, we have identified 1,116 that related to cryptocurrency (3.6% of the total).
- Of the 1,116 complaints that related to cryptocurrency, the vast majority concerned frauds or scams (96.4%).
- The most common fact pattern was the investment scam, where a customer was induced to transfer funds through a cryptoexchange to a fraudulent trading platform, then pursued their bank or e-money institution for reimbursement on the basis it failed to intervene or provide adequate warnings.
- Approximately 25% of the complaints were upheld.

Crypto businesses should not regard FOS jurisdiction as someone else's problem. Several cryptoexchanges with e-money permissions already appear as respondents to complaints. Further, once the FCA's new regime takes effect, the FOS will have jurisdiction over exchanges' own conduct. Exchanges would be well advised to start preparing for increased FOS scrutiny over disputes, and to consider whether their fraud warnings and interventions will stand up to the FOS' "fair and reasonable" test.

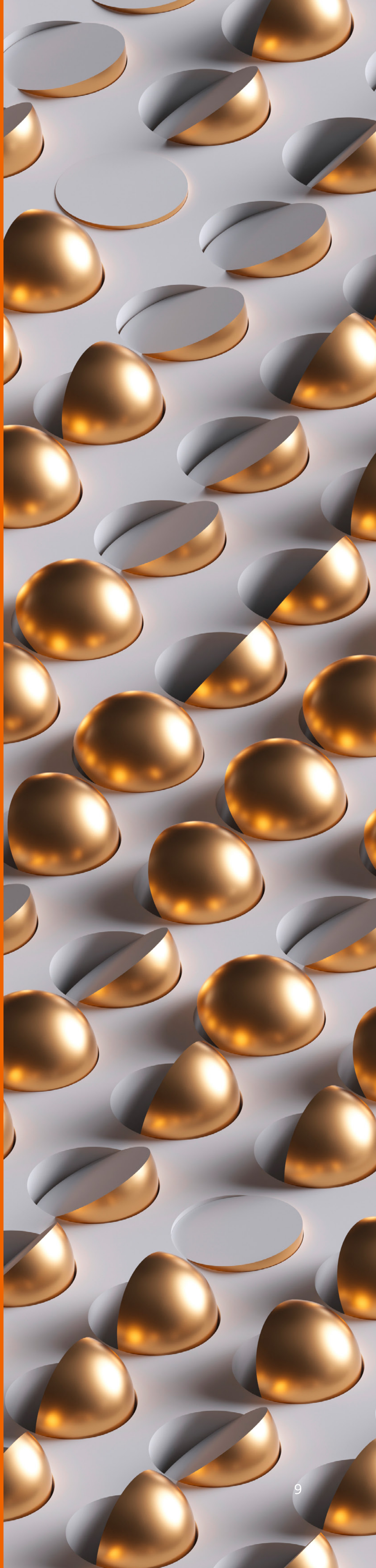
Future Outlook

We expect case numbers to increase in the coming years, or at least that the cases coming through will be more significant in terms of their impact on the ecosystem:

This is a key time for the regulation of cryptoassets in the UK, with the introduction of the new regime on the horizon. From a disputes standpoint, it was interesting to see the FCA "flex its muscles" in *FCA v HTX*. The claim could be perceived as a "warning shot" ahead of the new regime coming into force, signalling that the FCA will take action against allegedly non-compliant crypto businesses.

Whilst case numbers appear to have plateaued, we consider that the growing interest a mass consumer law firm has developed in this sector is something to watch. If this and other similar firms develop expertise in bringing claims in this space, it could affect claims numbers dramatically.

Firms falling under the new regulatory regime should also consider how the expansion of the FOS' jurisdiction will impact their claims dockets.



Notable Judgments and Developments

Property (Digital Assets etc) Act 2025

This long-awaited Act received Royal Assent and became law on 2 December 2025. It makes a single but significant technical amendment to the law in this jurisdiction: digital assets are not prevented from being treated as property merely because they fall outside the two long-established categories of property under English law (things in possession and things in action).

The Act is based closely on the Law Commission's recommendations concerning the law of personal property and its application to digital assets. It aligns with decisions of the English court dating back to 2019 that digital assets are capable of being property.

Cryptoassets cannot be recovered using the tort of conversion – *Ping Fai Yuen v Fun Yung Li* [2026] EWHC 532 (KB)

The claimant stored the private keys to his BTC 2,323 (said in the judgment to be worth £160-£180 million at the relevant time) on a PIN-protected Trezor hardware wallet. He alleged the first defendant (his estranged wife) covertly recorded him to obtain his seed phrase, used it to recreate his wallet, and stole his Bitcoin – possibly with the help of the second defendant (her sister). The claimant brought proceedings in the torts of conversion and trespass to goods.

The first defendant applied to strike out the conversion claim on the basis the tort requires a tangible asset (*OBG v Allan* [2007] UKHL 21). The claimant argued that the court could develop the tort of conversion to recognise Bitcoin and other assets falling within the "third category" of property recently acknowledged by the Property (Digital Assets etc) Act 2025. However, the court found that *OBG*, a judgment from a higher court, was a clear block to any such extension and struck out the conversion claim.

The judgment is significant because it highlights the limits of existing common law remedies for victims of cryptocurrency theft. Conversion is a strict liability tort and, if available, would present claimants with a simpler route to a judgment than unjust enrichment (which requires proof of enrichment, that the enrichment was at the claimant's expense, that it was unjust, and may be met with various defences).

While one of the aims of the Property (Digital Assets etc) Act 2025 was to allow the courts to develop the existing law to apply to the "third category" of property, this case demonstrates the challenges where there are appellate-level authorities pre-dating the Act. It is likely to take either legislation or a further appeal to change them.

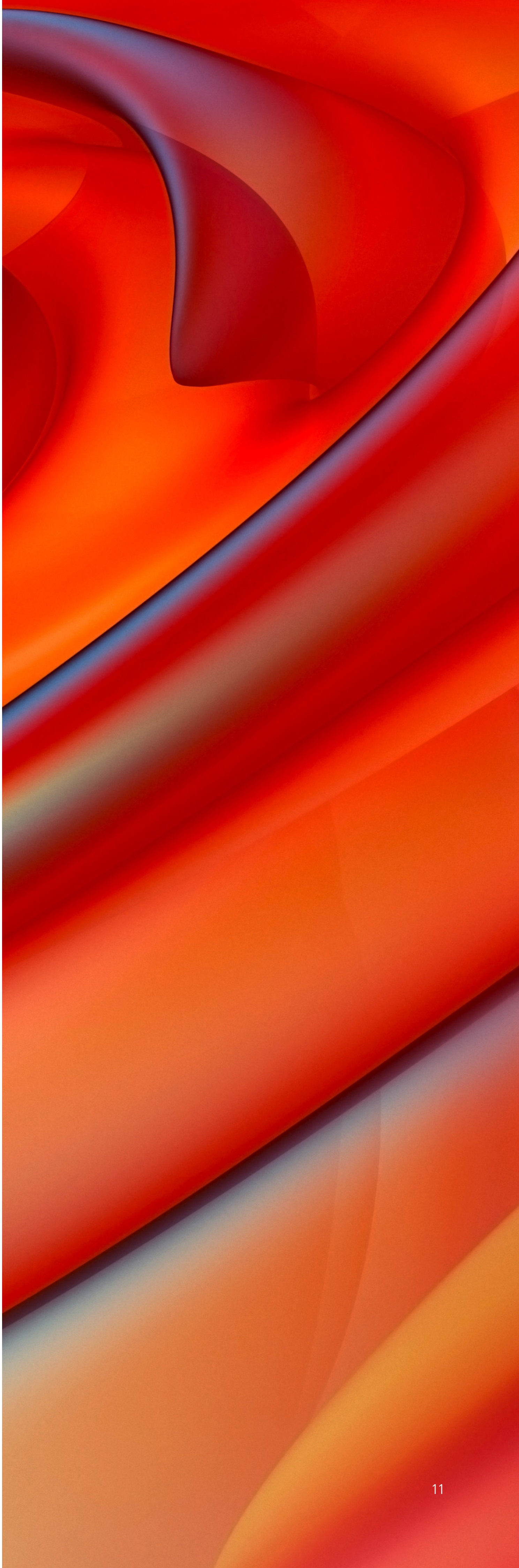
Are in-game currencies property? – *R v Lakeman* [2026] EWCA Crim 4

Mr Lakeman, a former content developer at Jagex (the developer of Runescape) unlawfully accessed 68 player accounts and transferred in-game gold pieces to third parties for an estimated £543,123.

Mr Lakeman was charged with committing the offence of theft concerning "property" contrary to section 1 Theft Act 1968. A preparatory hearing was ordered to consider whether the in-game gold pieces were "property" for the purposes of the Theft Act. The Crown Court found they were not, and the Crown appealed to the Criminal Court of Appeal, who found that they were. Mr Lakeman has now sought permission to appeal to the Supreme Court.

Whilst this Crypto Disputes Report concerns the civil law, we consider this is nevertheless a case to watch. This is because, with surprising ease, the Criminal Court of Appeal made obiter comments that the gold pieces were also property under the civil law. This was despite the Crown's arguments about the consequences of this being true (e.g. virtual currency potentially falling within the FCA's money laundering regime) and that the Law Commission's Final Report on Digital Assets (2023) considered in-game assets without drawing a conclusion as to whether or not they constituted property under the civil law.

The Supreme Court has refused Mr Lakeman permission to appeal, but we consider the Court of Appeal's obiter comments are ripe for discussion in another case.



Methodology

The data in relation to volume and types of cryptoasset claims were located using keyword searches on Solomonic and legal databases. Where possible, a manual review of available statements of case and judgments was also carried out.

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Solomonic Litigation Intelligence

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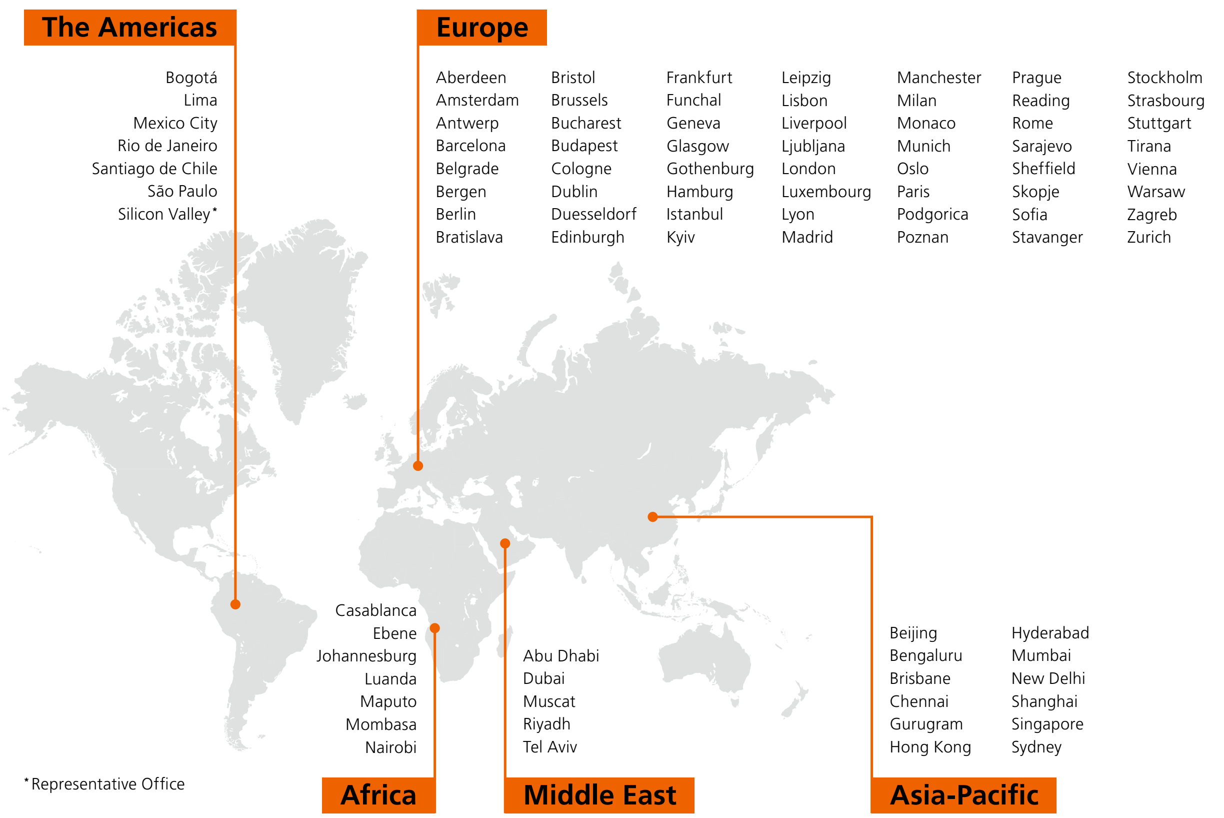

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